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FISCAL IMPACT REPORT

SPONSOR HTRC ORIGINAL DATE 2/15/2020
LAST UPDATED 2/18/2020 HB CS/HB 355/aSFC/ec
SHORT TITLE Capital Outlay Reauthorizations SB _____
ANALYST Edwards/Kehoe

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
No Fiscal Impact		Nonrecurring	See Fiscal Narrative

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of SFC Amendment

The Senate Finance Committee amendment to House Taxation and Revenue Committee Substitute for House Bill 355 adds a reauthorization for Spaceport America's Southern Road project. The reauthorization will allow Spaceport to continue environmental litigation efforts needed to complete the road.

Synopsis of Original Bill

House Bill 355 reauthorizes capital projects authorized in previous years from various funds. Reauthorizations of capital outlay projects range from changing the administering agency or the original purpose of the project, extending the reversion date, or expanding the purpose of the original project. The bill has an emergency clause.

FISCAL IMPLICATIONS

The reauthorization of funds contained in this bill do not require new capacity and are a nonrecurring expense to the general fund, severance tax bond (STB) fund, or other state funds. Any unexpended balances remaining at the end of the fiscal year as designated in the bill shall revert to the originating funding source three months after the reversion date.

The bill reauthorizes 121 projects originally appropriated between 2012 and 2019 totaling approximately \$73.7 million with remaining balances of \$41.4 million.

Section 2(C) of the bill provides that the balance of appropriations made from the general fund or other state funds to the Indian Affairs Department or the Aging and Long-Term Services Department for a project located on lands of an Indian nation, tribe, or pueblo shall revert to the tribal infrastructure project fund.

In compliance with the Severance Tax Bonding Act, the State Board of Finance (BOF) is authorized to issue and sell STB in an amount not to exceed the total amounts reauthorized for purposes specified in this bill. The BOF must also comply with the Internal Revenue Code of 1986, as amended. The agencies named in this bill shall certify to the BOF when the money from the proceeds of the severance tax bonds reauthorized in the bill is needed for the purposes specified in the applicable section of the bill. Before an agency certifies for issuance of the bonds, the project must be developed sufficiently so that the agency reasonably expects to:

- 1) Incur within six months after the applicable bonds have been issued a substantial binding obligation to a third party to expend at least five percent of the bond proceeds for the project; and
- 2) Spend at least eighty-five percent of the bond proceeds within three years after the applicable bonds have been issued.

For the purpose of the reauthorizations contained in this bill, “unexpended balance” is defined as the remainder of an appropriation after reserving for unpaid costs and expenses covered by binding written obligations to third parties.

SIGNIFICANT ISSUES

The Capital Outlay Bureau of the State Budget Division of the Department of Finance and Administration is responsible for the operation and maintenance of the Capital Project Monitoring System (CPMS). Quarterly reports developed by staff of the Legislative Finance Committee are generated from CPMS demonstrating the year and amount of an appropriation, expenditures, encumbrances, and balances for all active capital projects including reauthorizations.

TE/LK/rl/sb/al